

Message Text

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PAGE 01 JIDDA 01381 250540Z

21

ACTION NEA-10

INFO OCT-01 EB-07 ISO-00 TRSE-00 /018 W

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R 241429Z FEB 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 3816

INFO USDOC WASHDC

AMCONSUL DHAHRAN

LIMITED OFFICIAL USE JIDDA 1381

DEPT PASS TREASURY FOR OSAA

USDOC PASS CAGNE

E.O. 11652: N/A

TAGS: BEXP, SA

SUBJECT: JUBAIL DESALINATION PLANT: PHASE I, PART I, BIDS OPENED

REF JIDDA 959 (NOTAL), JIDDA 1307 (NOTAL)

1. BIDS ON THE JUBAIL PHASE I, PART I
(DESALTING PLANT) OF 5 PARTS, WERE OPENED
FEBRUARY 22 AT THE SALINE WATER CONVERSION
CORPORATION OFFICES IN JIDDA.

2. BIDS WERE AS FOLLOWS:

KAISER/BIN LADEN/WESTINGHOUSE SR 2,299,450,000

KRUPP (GR) SR 1,309,725,350

SASAKURA (JA) SR 1,140,699,876

SIDEM (FR.) SR 685,007,960

IHI (JA) SR 656,400,000

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3. KAISER/BIN LADEN/WESTINGHOUSE (K/B/W) IS

UNDERSTANDABLY DISAPPOINTED WITH THEIR POSITION
RELATIVE TO THE OTHERS. THEY BELIEVE THEIR
ONLY HOPE FOR SECURING THE CONTRACT DEPENDS
ON AN ATTRACTIVE PACKAGE COMBINING PARTS I AND
II (POWER PLANT). THEY FEEL THE SAUDIS WOULD
PREFER PICKING ONE FIRM FOR BOTH PARTS SINCE THEY
ARE SO CLOSELY INTERRELATED, AND K/B/W REALIZES
THE ODDS AGAINST THEM AND WILL ADJUST THEIR
PART II BID ACCORDINGLY.

4. K/B/W'S ADDITIONAL FEAR IS THAT IT WILL BE
DISQUALIFIED FROM BIDDING ON PART II (BID DATE
MARCH 20) BECAUSE IT MAY BE JUDGED UNRESPONSIVE
TO PART I. REASONS: 1) K/B/W MADE NO REFERENCE
TO BOYCOTT REGULATIONS IN THEIR BID PRESENTATION;
2) K/B/W STIPULATED THAT WORK DONE OUTSIDE SAUDI
ARABIA WOULD BE "FIRM PRICE" BUT K/B/W ALSO STATED
THAT THIS WORK WOULD BE SUBJECT TO SOME
"ESCALATION." 3) WORK DONE IN SAUDI ARABIA WOULD
BE ON A COST-PLUS BASIS.

5. CONTRACT MUST BE AWARDED FOR PART I BY
JULY 22 (5 MONTHS AFTER BID DATE).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 24 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JIDDA01381
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760070-0467
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760220/aaaaardg.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 JIDDA 959
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUN 2004 by ElyME>; APPROVED <21 JUN 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JUBAIL DESALINATION PLANT: PHASE I, PART I, BIDS OPENED
TAGS: BEXP, SA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006